

Virginia Department of Historic Resources

Helping You Put Virginia's Historic Resources to Work



Rehabilitation Tax Credit E-News Volume I, Issue 1

Upcoming Events:

04/06/07

Tax Credit Open House
9:00am - 12:00pm
DHR
2801 Kensington Avenue
Richmond, VA
(804) 367-2323

04/14/07

Historic Realtor
Certification Class
10:00am - 2:00pm
ACORN
1307-A East Cary Street
Richmond, VA
(804) 422-2148

04/20/07

Tax Credit Open House
9:00am - 12:00pm
DHR
5357 Main Street
Stephens City, VA
(540) 868-7030

Quick Links:

[Federal Tax Credit
Program](#)

[NPS Preservation
Briefs](#)

[Tax Credit Forms](#)

We're on the Web!

Visit us at:

www.dhr.virginia.gov

Tax Credits at Work

The Prizery, South Boston

It takes vision to see possibilities in a familiar landscape. When South Boston's Community Arts Center Foundation (CACF) sought to expand their all-volunteer arts group in the mid 1990s, their eyes rested on a familiar landmark in downtown—the R. J. Reynolds Tobacco Prizery; the place where Reynolds' employees once "prized" tobacco by pressing layers of leaf into hogshead barrels often weighing up to 1,000 pounds.

Long since abandoned by Reynolds, the large building could easily house the many uses envisioned for a vital community arts center. In 1996, The Prizery was generously donated to the group and it began seeking the multiple funds—grants and private donations; town and county support—to bring the arts center to life.



The Prizery is a contributing structure in the [South Boston Historic District](#) since its listing on the [Virginia Landmarks Register](#) and the [National Register of Historic Places](#) in 1986.

The result is a demonstration of the power of preservation and tax-credit rehabilitation to renew the economic and cultural vitality of a historic community. "It was tax-credits that stimulated the whole process," says Chris Jones of CACF. "The tax credits were the key to our project financing. We couldn't have raised the money - \$2 million without the tax-credits."

Since opening in September 2006, the [Arts Center](#) has welcomed Halifax County students to classrooms for art, music, theater, and dance courses not offered in the schools; offered residents a gallery for traveling art exhibitions; opened a theater for big name entertainment and productions staged by the local drama group; and provided tourists a visitors center with a permanent exhibition about the region's tobacco and Revolutionary War heritage.

Having once served as a building for prizing tobacco, today it is the building itself that is prized. In January, [APVA](#) recognized "The Prizery" at the 2007 Virginia Preservation Awards with a Historic Preservation Award, honoring the CACF for its vision in pursuing the project. In addition, the architectural firm of [Hanbury, Evans, Wright Vlattas + Company](#) received a "Best of the South Honorable Mention Award" at the [Southeastern Chapter of the Society of Architectural Historians](#) for the firm's open plan that facilitated adaptive reuse of the building as an arts space.

Tax Credit Tips

Submitting Applications for State and Federal Rehabilitation Tax Credits

Submitting the correct forms and documentation with your application is one of the best ways to ensure a smooth review by DHR's tax credit staff. The following is a guide to assist you through the process.

Tax Credit Forms	Part 1 Evaluation of Significance	Part 2 Description of Rehabilitation	Part 3 Certification of Completed Rehabilitation
State Tax Credit Program	<ul style="list-style-type: none"> ✓ 1 Virginia form with original signature ✓ 1 Set of photos 	<ul style="list-style-type: none"> ✓ 1 Virginia form with original signature ✓ 1 Set of photos, plans, and other documentation 	<ul style="list-style-type: none"> ✓ 1 Virginia form with original signature ✓ 1 Set of photos of completed project
State AND Federal Tax Credit Program	<ul style="list-style-type: none"> ✓ 2 Federal forms, each with original signatures * ✓ 2 Sets of photos 	<ul style="list-style-type: none"> ✓ 2 Federal forms, each with original signatures * ✓ 2 Sets of photos, plans, and other documentation 	<ul style="list-style-type: none"> ✓ 1 Virginia form with original signature ✓ 2 Federal forms, each with original signatures * ✓ 2 Sets of photos of completed project

*When applying for both State and Federal tax credits, it is **not necessary** to submit State Part I & Part II forms in addition to the Federal Part I & Part II forms. Also, DHR requires two copies of the Federal application, both with original signatures because DHR keeps one original copy and sends the other to the NPS.

Frequently Asked Questions

What are rehabilitation tax credits?

The rehabilitation tax credits are dollar-for-dollar reductions in income tax liability for taxpayers who rehabilitate historic buildings. Credits are available from both the federal government and the Commonwealth of Virginia. The amount of the credit is based on total rehabilitation costs. The federal credit is **20%** of eligible rehabilitation expenses for income-producing properties. The state credit is **25%** of eligible rehabilitation expenses for owner-occupied or income-producing property. In some cases, taxpayers can qualify under both programs, allowing them to claim credits of **45%** of their eligible rehabilitation expenses.

Is your property located in a historic district?

If your property is located in a designated historic district in Virginia and has been certified as contributing to that district, then your property may be eligible for the federal and/or state rehabilitation tax credit program.

There are more than 400 historic districts in Virginia, ranging from rural to suburban to urban locales, in places such as Alexandria, Arlington County, Bristol, Charlottesville, Danville, Fredericksburg, Lynchburg, Martinsville, Norfolk, Petersburg, Portsmouth, Richmond, Roanoke and Staunton, to name a few.

Check out the Virginia Landmarks Register list to see if your property may be eligible!

Virginia Landmarks Register and National Register of Historic Places:

http://www.dhr.virginia.gov/register/register_counties_cities.htm

The web page will lead you to a PDF-format version of each district's state register nomination form. Each form offers detailed information about the history and structures within the historic district. You can also contact Chris Novelli at (804) 367-2323, ext. 100 or by e-mail at Chris.Novelli@dhr.virginia.gov to see if your property is eligible for rehabilitation tax credits.

About Our Organization

Virginia's Department of Historic Resources is the State Historic Preservation Office. Our mission is to foster, encourage, and support the stewardship of Virginia's significant historic, architectural, archeological, and cultural resources.

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